



*United States Attorney  
Southern District of New York*

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**NEW ROCHELLE COUNTRY CLUB OWNER PLEADS GUILTY  
TO FEDERAL TAX EVASION CHARGES**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that MICHELINO MORELLI pled guilty in Manhattan federal court yesterday to skimming profits from a Westchester country club of which he was a part-owner and to evasion of paying taxes on those funds.

MORELLI, a/k/a "Michael Morelli," pled guilty to tax evasion related to cash receipts taken during 1997 to 2000 from the VIP Beach and Tennis Club, Ltd. ("VIP Beach and Tennis Club"), a country club and catering facility located on Davenport Neck in New Rochelle, New York, which MORELLI failed to report as income.

According to the Indictment, and MORELLI's plea

allocution in court, MORELLI has been an owner and the general manager of VIP Beach and Tennis Club since 1996. His regular skimming of cash proceeds from the country club and his failure to report that income to the Internal Revenue Service as required resulted in MORELLI under-reporting his personal income by more than \$650,000, and under-paying his personal federal income tax by more than \$227,000. According to the Indictment, MORELLI also did not include the cash proceeds as gross income on the corporate tax returns for VIP Beach and Tennis Club. Those false corporate returns for 1997 through 2000 were signed by MORELLI under penalty of perjury. Finally, the Indictment alleges that MORELLI made hundreds of cash deposits from 1997 to 2001 to bank accounts in amounts of \$10,000 or less, in order to avoid federal currency transaction reporting requirements. Specifically, he made more than 220 such cash deposits totaling more than \$750,000 in proceeds from VIP Beach and Tennis into his personal bank accounts or accounts of his family members.

MORELLI pled guilty in front of United States District Judge DEBORAH A. BATTIS to four counts of personal income tax evasion for the tax years 1997 to 2000. MORELLI is scheduled to be sentenced by Judge BATTIS on December 19, 2005.

As a result of his guilty plea, MORELLI faces a maximum penalty of 20 years' imprisonment and a fine of \$1 million.

MORELLI, 65, lives in Eastchester, Westchester County, New York, according to statements made by MORELLI in court.

Mr. GARCIA praised the combined investigative efforts of the IRS and the FBI in this case.

Assistant United States Attorneys LISA A. BARONI and ERIC B. BRUCE are in charge of the prosecution.

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